

Abstract

The aim of this thesis was to clarify the doctrine of piercing the corporate veil, in particular its merits, its origins, its development during the twentieth century and its projection into the Czech law, focusing not only on the legal but also on the economic aspects of this doctrine.

The first chapter deals with the theoretical concept of a corporation and its subjectivity. The assets of a corporation are separated from personal property of its shareholders by the imaginary corporation's veil. Judicial practice has gradually created the doctrine of piercing the corporate veil which serves as a corrective to the principle of separation of the assets of the corporation from the assets of its shareholders in cases where the duration of the statutory adjustment would lead to manifestly unfair conclusions, thus allowing creditors, in exceptional cases, to reach the assets of the shareholders.

The second chapter deals with development of the doctrine of piercing the corporate veil, especially when and under what conditions the courts have come to use it. It includes an analysis of individual cases and different approaches to them; from approaches that are mostly intuitive to those where their representatives are trying to formulate specific rules.

The third chapter summarizes current main approaches to the doctrine of piercing the corporate veil with an emphasis on economic aspects of this doctrine. The crucial question that legislators, legal theorists and judges are trying to find the answer to is: "how to distribute the risk between creditors and shareholders?"

The final chapter deals with projection of the doctrine of piercing the corporate veil into the Czech law. While common law created the doctrine of piercing the corporate veil, which constitutes an exception to the principle of corporate independence of a legal entity, the Czech law enshrined the judicial institute of "wrongful influencing" and duty of loyalty. The actual application of these provisions in specific cases is left to legal theory and practice with the help of general provisions of private law, thereby materially approaching, or even equal, to the use of the doctrine of piercing the corporate veil. In order to protect shareholders and investors, Czech legislators introduced into the Czech law so called insolvency tests which serve as economic and accounting indicators for determination whether there was wrongful influencing or not.